COUNCIL AGENDA: 12/17/13 ITEM: 3.3



Memorandum

CITY COUNCIL TO:

FROM:

Mayor Chuck Reed

Vice Mayor Madison Nguyen Councilmember Rose Herrera Councilmember Sam Liccardo

SUBJECT:

PROPOSED LEASE

DATE:

December 13, 2013

AGREEMENTS AND MODIFICATIONS TO LIVING WAGE POLICY

APPROVED:

RECOMMENDATION:

Approve recommendations to modify the Living Wage Policy and negotiate two proposed leases.

BACKGROUND:

Modifying the Living Wage Policy for certain leases as described in the staff report, will allow the City to negotiate a competitive deal for the use of the City Hall retail space and the public plaza at the Convention Center, with Imwalle Properties and Starbucks respectively. We support waiving the living wage requirements for these two leases, because:

- No City funds or subsidies will be offered;
- The City will maintain ownership of the spaces, receive market rents, and not participate in the construction or operation of the spaces;
- Imwalle Properties and Starbucks have agreed to bear all of the costs of construction including paying prevailing wages, and will operate their business as private enterprises;
- The developer and tenant have indicated that imposing living wage requirements would be detrimental to the operational viability of their projects.

We also support the recommendation to incorporate the modified language outlined in the staff report. It is our understanding that all City leases with private entities will return to City Council for approval and can be assessed at that time.